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1. A conference of the SED inner circle, held on 11 to 13 November with H. Bright as chairman, agreed that the Western Zones are facing a crisis because of the relaxation of rationing. Workers with low buying power are expected to drive the SPD into a sharper opposition to the economic policy of the bourgeois parties. Further strikes will force a stricter rationing. 25X1X8
2. The conclusion was drawn that the Eastern Zone must relax its ration system to point out the contrast with the west. This will be possible because production in the Eastern Zone is increasing and reparations are reduced. The date for the change of the ration system will depend on the political situation.
3. The early formation of a West German State is expected. After that the "German Peoples' Republic" will be proclaimed in the Soviet Zone, probably in February 1949. The SED as the "leading party" will determine the social and economic structure of this new state.
4. The conference held the view that economic planning in the Russian Zone is now interfered with by private trade. Therefore all wholesale trade must be nationalized some six months after the founding of the republic, and retail trade is to follow shortly afterwards. The bourgeois parties in the Antifa bloc will oppose this measure, hence the SED must give up the bloc policy. The coming party convention will adopt resolutions in this sense.
5. Georg Handke, chief of the Supply, Commerce and Transportation Division in the DMK, was instructed to organize the Deutsche Handelsgesellschaft (DHG) so that it can take over the wholesale handling of principal consumer goods by 1 January 1949. After the nationalization of the wholesale trade, the DHG is to be dissolved and replaced by ten independent internal trade companies. The present organization of the DHG is to be so developed that it contains these ten companies.
6. Handke was also instructed to suggest plans for the organization of a nationalized retail trade.
7. These plans are said to have been discussed with the SIA. Further plans for improvement of planning were made; however, details are not known.

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